

**UTAH STATE TAX COMMISSION
MEETING MINUTES**

9:00 a.m., Thursday, October 11, 2012

Commission Room 1000, 210 North 1950 West, Salt Lake City, Utah

Participating:

R. Bruce Johnson - Commission Chair

Marc B. Johnson - Commissioner

D'Arcy Dixon Pignanelli - Commissioner (Participating by Phone)

Michael J. Cragun - Commissioner

Barry Conover - Executive Director

Commission Office:

Christa Johnson, Commission Executive Assistant

Charlie Roberts, Public Information Officer

Executive Director's Office:

Scott Smith, Deputy Executive Director

Lynn Solarczyk, Director of Legislation

Note: A list of others present, a copy of related materials and an audio recording of the meeting can be obtained from the Office of the Commission at 801-297-3901.

I. Call to Order

Commission Chair B. Johnson called the meeting to order at 9:01 a.m. and noted that Commissioner Dixon is participating by phone.

II. Public Comment (Individuals or groups wishing to address the Commissioners for up to three minutes on matters not related to a pending or reasonably imminent appeal to the Tax Commission)

Commission Chair B. Johnson asked if anyone wished to address the Tax Commissioners. There were no comments.

III. Consider Approving Open and Closed Commission Meeting Minutes of Thursday, September 27, 2012

MOTION: Commissioner Dixon moved approval of the Open and Closed Commission Meeting Minutes of Thursday, September 27. The motion passed unanimously.

IV. Approve submission of proposed rule amendments to Division of Administrative Rules for publication in Utah Register

Commissioner Cragun introduced the following proposed rule amendments for the Commission to consider and submit for publication to the Division of Administrative Rules:

- a. R861-1A-12. Policies and Procedures Regarding Public Disclosure Pursuant to Utah Code Ann. Section 59-1-210
- b. R884-24P-66. Appeal to County Board of Equalization Pursuant to Utah Code Ann. Section 59-2- 1004

Commissioner Cragun explained the amendment to rule R861-1A-12 is in response to a clarification request from Salt Lake County. The phrase “or allowed” is added in the rule text on line thirty-seven.

Commissioner Cragun explained earlier this year the Commission had made major modifications to Rule R884-24P-66. In two places the rule text requires the County to notify the taxpayer in writing. In another place the rule text requires notice to the taxpayer but does not specify that the notice is in writing. This amendment resolves that inconsistency.

Commissioner Cragun explained that the rules will be posted in the November 1, 2012 Bulletin. The 30-day public comment period will end on December 3, 2012. The earliest date for the rules to become effective is December 10, 2012 and the earliest regularly scheduled Commission Meeting to make the rules effective is December 13, 2012.

MOTION: Commissioner Cragun moved to submit the rule amendments as presented to the Division of Administrative Rules. The motion passed unanimously.

V. Approve Submission of Proposed Rule R884-24P-53. 2013 Valuation Guides for Valuation of Land Subject to the Farmland Assessment Act Amendment to Division of Administrative Rules for publication in the Utah Register

Commissioner Dixon introduced the following proposed rule amendment for the Commission to consider and submit for publication to the Division of Administrative Rules:

- a. R884-24P-53 2013 Valuation Guides for Valuation of Land Subject to the Farmland Assessment Act Amendment Pursuant to Utah Code Ann. Section 59-2-515

Commissioner Dixon as Chair of the State Farmland Evaluation Advisory Committee (“Farmland Committee”) gave an overview of the membership and role of the Farmland Committee. She said the Farmland Committee met on October 3, 2012 to consider the DRAFT Farmland Evaluation Report prepared by Utah State University (USU). The Report analyzes the several classifications of land in agricultural use in the various areas of the State and recommends values based upon productive capabilities of the land when devoted to agricultural use. The Farmland Committee voted unanimously to recommend the values in the USU Report for 2013 to the Tax Commission. These values are in the updated R884-24P-53 now before the Commission. She noted the final Farmland report has been provided to the Commission and will also be provided on the Commission’s website.

Commissioner Dixon explained that if accepted, the Rule will be posted in the November 1, 2012 Rules Bulletin. The 30-day public comment period will end on December 3, 2012. The earliest date for the rules to become effective is December 10, 2012, and the earliest regularly scheduled Commission Meeting to make the rules effective is December 13, 2012.

MOTION: Commissioner Dixon moved submission of proposed Rule R884-24P-53 2013 Valuation Guides for Valuation of Land Subject to the Farmland Assessment Act to the Division of Administrative Rules. The motion passed unanimously.

VI. Acceptance of Internal Audit of the Uninsured Motorist Information Database (UMID) Program in accordance with UCA 41-12a-801-806; and specifically UCA 41-12a-803(8)(b). Report No. 2012-05-15

Commissioner Dixon, supervisor of the Internal Audit Unit in the Office of the Commission, recognized Mr. Aman Kudiya, Director of Internal Audit Unit, and asked him to give details on the audit report.

Mr. Kudiya gave an overview of the audit examination of the Motor Vehicle Department database program.

MOTION: Commissioner Dixon moved to Acceptance of Internal Audit of the Uninsured Motorist Information Database (UMID) Program in accordance with UCA 41-12a-801-806, specifically UCA 41-12a-803(8)(b) Report No. 2012-05-15. The motion passed unanimously.

VII. Consider sending a letter to the California Supreme Court to urge them to grant certiorari to review the *Gillette* decision

Commission Chair B. Johnson explained the background of the Gillette decision. The California Appellate Court issued its ruling in the Gillette case that California must allow taxpayers to apportion multistate income based on a formula in the Multistate Tax Compact. The letter asks the California Supreme Court to grant a review of the decision of the California Court of Appeals.

MOTION: Commissioner Cragun moved to send the letter to the California Supreme Court on behalf of the four Utah State Tax Commissioners and authorize the chairman's signature on the letter. The motion passed unanimously.

VIII. Executive Director's Report

Mr. Conover reported that the security check report from Deloitte & Touché is 90 percent complete and is scheduled to be available next week.

Commission Chair B. Johnson asked Mr. Conover if the Tax Commission is ready for Google mail to go live on November 13, 2012.

Mr. Conover stated that they are still working on the multifactor and will start training on Google mail in the next couple of weeks.

Commission Chair B. Johnson stated that he is pleased with the Motor Vehicle Department's efforts on the use of fraud prevention paper for titles.

IX. Commissioners' Reports

Commissioner Cragun reported that he held three conference calls for training with County officials. The meetings gave the Counties a refresher course on the JusticeWeb online filing tools. Thirteen Counties participated, including Salt Lake County. Salt Lake County has made a commitment to use the online filing system which will significantly decrease the time it takes to get all of their appeals initiated.

X. Review Order for Mediation Conference, Fleming v. USTC, Utah Court of Appeals, case no. 20120708

MOTION: Commissioner Cragun moved that the Commissioners meet in closed session to discuss pending or reasonably imminent litigation. The motion passed with Commission Chair B. Johnson, Commissioner M. Johnson, Commissioner Dixon and Commissioner Cragun voting aye.

XI. Retuned to Open Session

Commissioner M. Johnson stated that Commission Chair B. Johnson recused himself and left the closed session. He reported that no action is required on the matters discussed in the closed session.

XII. Adjourn

Commissioner M. Johnson adjourned the meeting at 10:25 a.m.

Approved on: Friday, November 02, 2012

Attested: Christa Johnson

Executive Assistant

Utah State Tax Commission